

# HB 2284

## Bill Analysis

April 7, 1999

**Brief Description:** Changing property tax exemption provisions.

**Bill Sponsors:** Representatives Rockefeller; DeBolt.

### Brief Summary of Bill

- Deducts health care insurance payments and veterans benefits for service related disabilities from income when determining eligibility for the senior citizen property tax relief program.
- Increases from one acre to two acres the land eligible for relief under the senior citizen property tax relief program.
- Freezes assessed value of home and provides excess and regular property tax relief for veterans of the U.S. armed forces with 100 percent service connected disability.

**Staff:** Rick Peterson, 786-7150.

### Background:

Some senior citizens and persons retired due to disability are entitled to property tax relief on their principal residences. To qualify, a person must be 61 in the year of application or retired from employment because of a physical disability, own his or her principal residence, and have a disposable income of less than \$30,000 a year. Persons meeting these criteria are entitled to partial property tax exemptions and a valuation freeze.

Disposable income is defined as the sum of federally defined adjusted gross income and the following, if not already included: capital gains; deductions for loss; depreciation; pensions

and annuities; military pay and benefits; veterans' benefits except attendant-care and medial-aid payments; Social Security and federal railroad retirement benefits; dividends; and interest income. Payments for the care of either spouse received in the home or in a nursing home and payments for prescription drugs are deducted in determining disposable income.

Partial exemptions for senior citizens and persons retired due to disability are provided as follows:

- A. If the income is \$24,001 to \$30,000, all excess levies are exempted.
- B. If the income level is \$18,001 to \$24,000, all excess levies and regular levies on the greater of \$40,000 or 35 percent of assessed valuation (\$60,000 maximum) are exempted.
- C. If the income level is \$18,000 or less, all excess levies and regular levies on the greater of \$50,000 or 60 percent of assessed valuation are exempted.

In addition to the partial exemptions listed above, the valuation of the residence of an eligible senior citizen or disabled person is frozen at the assessed value of the residence on the later of January 1, 1995, or January 1 of the assessment year a person first qualifies for the program.

The exemption applies to the dwelling and the land on which it stands up to one acre.

**Summary of Bill:**

The income used for determining eligibility for the senior citizens and persons retired due to disability program is reduced by payments for health care insurance and veterans' benefits for disabilities related to the performance of military duties.

The parcel size limit for the exemption program is increased from one acre up to two acres if land use regulations requires the larger size.

Veterans of the U.S. armed forces with 100 percent service connected disability are eligible for same property tax relief on their homes as provided to senior citizens with income below \$18,000. They are exempt on all excess levies. The assessed value of their home is frozen and they are exempt on regular levies on the greater of \$50,000 or 60 percent of assessed valuation.

**Appropriation:** None.

**Fiscal Note:** Requested April 2, 1999.

**Effective Date:** Ninety days after adjournment of session in which the bill is passed.